

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Request for Review of Decision of Universal Service Administrator by Corr Wireless Communications, LLC)	

COMMENTS OF CENTURYLINK

Verizon Wireless and Sprint Nextel committed to relinquish Universal Service Fund (USF) high cost support. The Commission has rightly determined to take steps necessary to ensure those commitments effectively fulfill the public interest objectives that led the Commission to give them weight in the first place. The high-cost support that has been going to those carriers should be used to support high-cost networks, particularly in the form of increased broadband deployment, rather than continuing to support redundant multiple wireless competitive eligible telecommunications carriers (CETCs). CETCs too often have received high-cost support in places where the providers had already built networks without anticipating ever receiving high-cost support. The Commission should, therefore, take the necessary steps to give the Universal Service Administrative Company (USAC) the authority and direction to reclaim high-cost support currently distributed to Verizon Wireless and Sprint Nextel in accordance with those companies' merger commitments to the Commission.

The Commission should not amend its rules, nor otherwise direct USAC to reserve those high-cost USF support funds, however. Nor should such funds be diverted to purposes other than high-cost support, as the Commission tentatively suggests when it mentions using the

reclaimed funds to “index the E-rate funding cap to inflation ... support a Mobility Fund to improve 3G wireless broadband service ... [or] improve utilization of the Rural Health Care program.”¹ CenturyLink does not necessarily oppose those proposals, but it strenuously objects to the possibility of reducing high-cost support by diverting it to pay for these other initiatives. High-cost support is vitally needed to accomplish the overriding goal of achieving universal broadband availability, as set out in the National Broadband Plan and reflected in the policies of the Congress and the Commission. In addition, the net present value of incremental broadband network construction today will far outweigh any future use of reserved funds. Accordingly, reclaimed high-cost support should be put at once to its proper use supporting additional broadband deployment in areas that are currently unserved.

As CenturyLink explained in its Comments on the Notice of Inquiry and Notice of Proposed Rulemaking about the Connect America Fund—as was earlier outlined in the Broadband Now proposal—the Commission would be taking an important interim step to increase broadband availability if it were to deploy reclaimed CETC support on an interim basis in connection with broadband infrastructure development. Such action must be simple in concept and quick to implement. That could readily be accomplished, for example, by working within the current high-cost mechanisms, perhaps by awarding incremental support only to recipients that commit to use the support for broadband deployment. Otherwise, Commission would do better to wait until a revised high-cost USF program is developed and implemented.²

¹ Order and NPRM, at 9 ¶ 20.

² There are serious flaws in any reverse auction system for awarding high-cost USF support. While a reverse auction can minimize disbursements of support, it is not designed to award sufficient support for new or upgraded broadband deployment, which is the main goal of the National Broadband Plan. Similarly, the Commission should recognize that this oversight is also reflected to some considerable degree in the comments of 71 Economists, which were attached to the *CAF NOI and NPRM*. As CenturyLink commented then, a competitive process,

CenturyLink gave two examples of simple potential interim programs that would use reclaimed high-cost support in a manner consistent with the National Broadband Plan and its focus on using high-cost support for broadband deployment. One example was to calculate the need for support in high-cost areas served by price cap companies in a more economically rational manner by means of more granular targeting of support to high cost areas rather than using cost averaging across large diverse areas (e.g., study areas). Broadband penetration rates in these high cost, rural regions of large diverse study areas have fallen far behind the rest of the nation because of the failure of the current USF mechanisms to adequately support the cost of providing service.

During the interim period, therefore, the Commission could begin a small program to disburse broadband USF to the price cap carriers targeted to the high cost granularly targeted areas with the highest density of unserved households in an attempt to close the gap of the policy failure. Policy reform must remedy the insufficient USF funding provided to the high cost portions of diverse study areas and deliver on the promise of universal service to these customers for whom it has remained illusory. These high density unserved households could be identified using the FCC's Form 477 database, and could be verified by the carriers submitting the data. The Commission could publish a list of the top wire centers with the highest percentage of unserved households. Carriers would receive a specific dollar amount per line in a target wire center based on available support dollars in exchange for a commitment to deploy the mandated level of service within a specified period of time. A carrier would not be required to participate, it would be optional.

including using some of the proposals in the 71 Economists' procurement auction proposal, can form the basis of an appropriate selection system, provided if the Commission overcomes the problems with reverse auctions, provides sufficient funding for broadband service, and protects existing customers and network investment.

The second example CenturyLink provided—and which it reiterates here—would be to support upgrades to the remaining prior-generation switches that are incapable of working with DSL services. Such switches often remain in service in places where there is not an economic case to deploy DSL. By providing support to carriers to install IP-capable switches, the FCC could not only quickly expand network development to more widely deploy broadband, but it could also take a valuable step toward promoting the future transition to IP networks.³

Respectfully submitted,

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³ National Broadband Plan at 59.